

Service Date: September 10, 1997

DEPARTMENT OF PUBLIC SERVICE REGULATION
BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MONTANA

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|----------------------------------|---|-------------------------|
| IN THE MATTER of the Application |) | |
| of GREAT FALLS GAS COMPANY |) | UTILITY DIVISION |
| for Authority to Increase Rates |) | DOCKET NO. D97.7.119 |
| Pursuant to its Gas Tracking |) | INTERIM ORDER NO. 6001a |
| Mechanism. |) | |

FINDINGS OF FACT

1. On July 11, 1997, Great Falls Gas Company (Applicant, GFGC, Company), filed an application to increase rates for natural gas service by \$1,879,210 pursuant to the Gas Cost Tracking Mechanism and for the implementation of surcharges associated with the rate case expense, pursuant to Docket No. D96.7.123, Order No. 5933b . The \$1,879,210 increase is comprised of \$1,825,029 for gas cost increase and \$53,650 for rate case expense and \$531 due to rounding in spreading the increase among rate classes. Also GFGC is also requesting the inclusion of a gas tracker for the West Yellowstone Gas Company (WYGC).

2. GFGC proposed to spread the increase in gas costs among its customers in the following manner:

| | |
|------------------------|-------------|
| Residential | \$1,250,294 |
| Small General Service | \$ 179,250 |
| Medium General Service | \$ 288,475 |
| Large General Service | \$ 311,360 |
| Total | \$1,879,210 |

3. The tracker is designed to reflect changes in gas costs over a twelve month period. GFGC is proposing a tracking period in this Docket which runs from July 1, 1997, through June 30, 1998.

4. This tracker uses the sales volumes approved in Docket No. 96.7.123 less expected .5 Bcf due to the conversion to the transportation tariff during FY 98.

5. GFGC has separated storage gas costs into commodity and non-commodity components. The separation is made in order to recover the non-commodity storage gas costs

over total volumes and to recover the commodity portion over sale volumes. The commodity component is common to GFGC sales customers, WYGC and future Montana natural gas entity sales customers, but not distribution transport customers. The firm capacity costs are common to both sales and transport tariff customers and are spread over total GFGC volumes. The GFGC sales tracker has five components: commodity, capacity, non-commodity storage, surcharge, and distribution transport credit. The GFGC distribution transportation tracker has three components; capacity, non-commodity storage, and surcharge.

6. The most permanent change and the item of most concern in this gas tracker is the increase in Montana Power Company (MPC) service and upstream firm service costs. MPC cost increases alone are nearly two thirds of this item. These are costs that can only be mitigated through negotiations for discounted rates, physical bypass facilities, or Montana Public Service Commission actions. They are costs that are largely out of GFGC's control. The final increase item from non-commodity storage inventory reduction during this next tracker period and should be noted that this is a one year effect that should drop off with next years tracker filing unless some further reduction in inventory are determined to be necessary.

7. GFGC request to include WYGC gas cost adjustment as a tracked item will be addressed prior to issuing a final order and are not included in this interim order.

CONCLUSIONS OF LAW

1. Great Falls Gas offers regulated natural gas service in the state of Montana and is a public utility under MCA §69-3-102.

2. The Montana Public Service Commission properly exercises jurisdiction over Great Falls Gas Company's Montana operations pursuant to Title 69, Chapter 3, MCA.

3. The rates approved herein are a reasonable means of providing interim relief to Great Falls Gas Company's customers.

ORDER

1. Great Falls Gas is hereby authorized to increase rates for natural gas service by \$1,879,210.

2. Great Falls Gas must file tariffs in compliance with the Findings of Fact in this Interim

Order.

3. Nothing in this Interim Order precludes the Commission from adopting in its Final Order, after reviewing the entire record in this Docket, a revenue requirement different from that contained in this Interim Order.

4. Interim approval of any matters in this Docket should not be viewed as final endorsement by the Commission of any issues, calculations, or methodologies approved in this Interim Order.

5. Rates which implement the increase approved in this Interim Order will be effective for meters read on and after October 1, 1997.

DONE IN OPEN SESSION at Helena, Montana, this 8 th day of September, 1997, by a vote of 5 to 0.

BY ORDER OF THE MONTANA PUBLIC SERVICE COMMISSION

DAVE FISHER, Chairman

NANCY McCAFFREE, Vice Chair

BOB ANDERSON, Commissioner

DANNY OBERG, Commissioner

BOB ROWE, Commissioner

ATTEST:

Kathlene M. Anderson
Commission Secretary

(SEAL)

NOTE: Any interested party may request that the Commission reconsider this decision. A motion to reconsider must be filed within ten (10) days. See 38.2.4806, ARM.